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SUMMARY

Agenda Item: C.1.2

Uruguay

AGRICULTURAL CREDIT IN URUGUAY : SUMMARY OF THE ANALYSIS AND SUGGESTIONS OF THE FIRST NATIONAL SEMINAR ON AGRICULTURAL CREDIT (1959)

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AGRICULTURAL CREDIT IN URUGUAY

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I - THE AIMS OF AGRICULTURAL CREDIT AND THE CLASSES TO WHICH IT WOULD APPLY.-

The aim of the members of the Agricultural Credit Seminar predominating throughout all the discussions was that the economic and social development of the country must be closely bound up with the improved and increased wellbeing of small and medium farmers. One of the most important instruments in the achieving of this aim is an effective credit policy. This cannot be worked out in isolation from the general economic policy of the country. If a programme is launched or if greater emphasis is to be given to certain aspects of agricultural credit, close coordination must be maintained with other development plans, both as regards livestock and crop farming output as well as trade, industrial output and public works. All were agreed as to the need for setting development targets, stages to be gone through and indispensable priorities.

II - PRESENT CREDIT POLICY.-

On this subject it was agreed that it is necessary to gain a thorough knowledge of how farmers use their collateral with the various sources of credit, what amounts, repayment terms, guarantees, etc., are involved, what makes them seek credit and how they actually apply it.

III - SOURCES OF CREDIT.-

In the conclusion of their study of sources of credit, especially those of official character, the Seminar supported the creation of an Agricultural Bank which would incorporate all those activities that contribute towards a better attention to the needs of agriculture, and affirmed as a matter of basic importance that the management of this body should be entrusted to qualified experts in agricultural economics.

IV - DIFFERENT TYPES OF CREDIT.-

With regard to Credit for Farming Equipment all agreed that a revision of the law of the pertinent regulations should be undertaken, taking into account that it

should embrace all kinds of produce; that the age limit of beneficiaries should be lowered; that the level of capital loan sums be reviewed; that the purchase of machinery be included and that not only financial assistance but, together with it, continuous technical assistance be ensured. With regard to supervised credit for farmers - connected with "Agricultural Extension" - this was defined as an integral credit programme for families, through which and by appropriate means it is sought to equip the rural family technically. economically, and socially and by so doing to raise the standard of living of rural communities.

COOPERATIVE CREDIT.- After examination of the problems that afflict the national cooperative movement in relation to agricultural credit, the following suggestions were made: (1) As a basic measure, extend the benefits provided by law no. 10008 in such a way as to encourage the creation of credit cooperatives as well as their federation around a cooperative bank.- (2) Until such time as the foregoing is achieved: (a) the formation of a banking institution with a cooperative shareholding, (b) the creation of a Section in the Rural Credit Department of the Bank of the Republic responsible for the granting and distribution of credit grants to cooperative societies, (3) that bodies which finance loans to cooperative entities should be encouraged to bear in mind that guarantees of a moral kind should be considered in addition to those of a material kind that may be offered.

V - SOURCES OF FINANCE.-

The Seminar analysed, finally, the present situation as regards the availability of resources capable of being advanced on loan and deliberated on which could, in the immediate future, become the sources of finance for a National Fund specifically dedicated to the promotion of agricultural credit. Only some of these sources are listed hereunder: (a) when the rentals on landed property exceed a certain proportion that should be maintained in relation to its assessed value, the owner of the property will pay surtax on a percentage basis in respect of the aforesaid difference. (b) Farms with a productivity lower than the zonal average for the last five years will pay surtax in proportion to the said difference and to the size of the farms. (c) On the total sum of raw material exports a levy of 0.05 pesos (five centesimos national currency) per Dollar to be credited to this fund. (d) The Debt set aside for Agricultural Equipment Credit would be raised to Urug. $ 10,000,000.00 (ten million pesos).

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